

Memorandum

To: Walter Horn
From: John Natale
Date: 02/22/00
Re: Conversation with Bally's

As I was driving home, early in November 1999, I received a call from Gary Melina. There was a high level of concern by Bally's over the operating losses and Accumulated Change in Accounting Principal totaling \$11 million as of August 31st. A detailed package of information had been supplied to Bally's. Gary instructed me to drive to his office so we could call Bally's to explain the loss.

I took Gary to his office to call Bally's. Gary called Robert Carroll, Esq. to discuss the losses. Gary explained that the casino had been operating at a loss since opening. He also explained the Accumulated Change in Accounting Principal and the additional losses associated with this GAAP (Generally Accepted Accounting Principles) adjustment. Mr. Carroll appeared to understand the explanation and we never received a follow up call after the discussion.

PLAINTIFF'S
EXHIBIT

49 - I.D.
3/24/04